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Globalization and interdependence: role of the United Nations in promoting development in the context of globalization and interdependence

Impact of globalization on the achievement of the internationally agreed development goals, including the Millennium Development Goals

Report of the Secretary-General**

Summary

In response to the request of the General Assembly contained in its resolution 62/199, the present report addresses the impact of globalization on the achievement of the internationally agreed development goals, including the Millennium Development Goals. The economic forces powering globalization, including trade and cross-border flows of capital and labour, have important economic, social and environmental impacts on countries. The realization of the Millennium Development Goals is dependent on the concerted management of the globalization process by the international community and the strengthening of the global partnership for development. Developmental considerations must be placed at the centre in managing globalization at the national, regional and global levels to ensure that the benefits can percolate to all countries and people.

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I. Introduction

1. In response to the request of the General Assembly in its resolution 62/199, the present report addresses the impact of globalization on the achievement of the internationally agreed development goals, including the Millennium Development Goals.

2. The relationship between globalization and development outcomes is complex. Each of the forces powering globalization — finance, trade, investment, technology and migration — have economic, social and environmental impacts. They affect the formulation and implementation of policies at the national, regional and global levels. Among significant impacts is the reduction in the degree of national autonomy in policymaking and the resulting need to better harmonize national policy formulation with international obligations, commitments and compulsions. The realization of the Millennium Development Goals is dependent on the strengthening of the global partnership for development (Goal 8). Buffeted by economic forces outside their control, smaller economies cannot succeed by themselves in realizing the goals. Section II of the present report highlights this message in the light of contemporary threats to the realization of the internationally agreed development goals. Section III highlights the social and environmental impact of globalization and focuses on four Millennium Development Goal clusters: poverty, hunger and education; gender equality; health; and sustainable development.

II. New threats to the internationally agreed development goals

A. Global economic outlook

3. The global economic outlook has turned gloomy in recent months. The contagious effects of an economic slowdown in the United States of America and the fragility of financial markets are proving greater than many observers had initially predicted, with other leading advanced economies struggling to offset the consequences of lower export demand and declining consumer and investor confidence.

4. Growth in the developing world, which has built momentum over the past five years, may cushion the world economy from a hard landing. Still, that performance has also relied on strong consumer demand in the United States and surging financial flows that produced a remarkable degree of monetary and exchange rate stability. It is unlikely that those countries will be decoupled from the macrofinancial weaknesses in the advanced economies.

5. At the same time, inflationary pressures, driven by rising food and fuel prices, have begun to squeeze hard on living standards in developed and developing countries alike, complicating the policy response. In recent years, a singular emphasis on targeting inflation has come to dominate debates on macroeconomic policy with strong calls to leave monetary and foreign exchange policies to an independent central bank. However, whatever the specific tools employed and regardless of who controls them, fighting inflation usually leads to higher unemployment, at least in the short run, and the risk of lower investment and growth in the medium term.

6. All this points to a much less supportive environment for meeting the internationally agreed development goals than has been the case since the Millennium Summit. The dilemma facing policymakers in the world's poorest countries is particularly stark given that the recent surge in fuel and food prices will likely lead to a rapid deterioration of income among households, reversing much of the gains made by countries in the area of poverty reduction.

7. Emergency support can ease the threat in the short run, but the only lasting solution is to raise investment and stimulate productivity in the food-producing sector. This will require increased public spending on research and development and significant investment in rural infrastructure, along with improved access to credits to ensure adequate supplies of modern farming inputs. This, in turn, will require that macroeconomic policies give as much priority to investment, employment and economic security as to fighting inflation.

8. The need to embed macroeconomic policies in a broader development strategy is not limited only to the most vulnerable developing countries. Indeed, if general progress in meeting the internationally agreed development goals is to be registered, priority must be given to investment spending in many middle-income countries, particularly in education, health and infrastructure, but also in specific sectors with the greatest potential for employment generation, scale economies and technological upgrading.

9. Since the debt crisis of the early 1980s, a combination of tight macroeconomic policies, privatization, rapid liberalization and deregulation have been presented to developing countries as the only sound policy basis on which to build a healthy investment climate. To date, the expected improvement has not materialized in most countries.

10. In this respect, there is an urgent need to address three interrelated features of the recent boom which have worked to hold back investment and which threaten progress towards meeting the internationally agreed development goals by 2015. First, growth recoveries have not been sufficiently inclusive and have been accompanied by a weak labour market performance and rising levels of inequality; second, strongly procyclical responses to shocks have led to exaggerated boom-bust cycles in many countries and have made it difficult to establish longer-term planning horizons; third, international policy coordination has weakened even as cross-border economic flows have been increasing. Together, these features point to a much more unbalanced process of economic interdependence than is suggested in much of the discussion about the contemporary globalization process.

11. The key feature of globalization is the growing influence of global market forces. Globalization is usually measured by the volume of international trade and flows of capital, migration levels and the overseas holding of assets, including infrastructure. The ever larger numbers attached to those variables are taken not just as indications of a new and encompassing reality, but as a measure of economic success in a globalizing world.

12. An often neglected feature of the current period is the abandonment of earlier arrangements founded on the belief that adverse influences emanating from trade, finance and debt should and could be countered through measures that preserve growth, full employment and development. There is a greater reliance today on market self-regulation. The freeing up of markets promised to unleash the creative

forces of unrestricted competition and risk-taking, as well as ensure that the resulting prosperity would be inclusive and the outcome stable. The deregulation of financial markets, given their supposed informational edge and ability to manage risk, were seen as particularly important for the achievement of more rapid growth.

13. Moves in that direction marked a qualitative change in the direction of the world economy, as the driving force of international integration shifted towards the financial sector. The global stock of financial assets has risen twelvefold since 1980, three times as fast as the global gross domestic product (GDP). The value of daily foreign exchange transactions, which amounted to just $80 billion in 1980, now stands at close to $2,000 billion, which is a growth rate that is six times faster than that of foreign trade. There have been massive two-way financial flows dominated by short-term capital movements in the form of bank lending, equities and bonds. The market for corporate control through cross-border mergers and acquisitions has also mushroomed, and a good deal of direct investment has been in banking, insurance and other financial services.

14. Those trends are closely associated with the rapid liberalization of domestic financial markets and the opening of the external capital account and have had far-reaching implications for the real economy. Episodes of exceptionally rapid economic expansion driven by financial bubbles have brought periods of growing prosperity, but these can end very suddenly in recession or longer periods of slow growth. Sharp swings in asset prices, exchange rates and aggregate demand cause fundamental uncertainty regarding returns on capital and can shorten planning horizons and promote defensive and speculative strategies in investment which can, in turn, exert a significant adverse influence on the pace and pattern of capital accumulation, economic growth and employment.

15. These problems are particularly serious in developing countries in view of their limited scope to pursue effective counter-cyclical macroeconomic policies. Vulnerability to capital flow reversals varies, but in many emerging markets since the late 1970s, financial crises have often been triggered by factors beyond the control of recipient countries, including shifts in monetary and financial policies in the major industrial countries.

16. The volatility and procyclical nature of private capital flows to developing countries explain, in part, why no evidence can be found that such movements of capital have resulted in general in increased investment or higher long-term economic growth during the past three decades. While capital surges stimulated aggregate demand and investment, a large part of the gains were often more than reversed in cases where the sudden halt triggered a financial crisis. Financial volatility has thus translated into increased investment uncertainty and greater volatility in output, both of which are detrimental to long-term economic growth.

17. The procyclical behaviour of finance and the vulnerability of countries to external shocks result in economic insecurity for individuals and households. Episodes of exceptionally rapid economic expansion driven by financial bubbles no doubt can bring greater prosperity than expansions in which finance plays a more passive role. But there are serious questions about how far that prosperity spreads, and whether susceptibility to deeper recessions or longer periods of stagnation do not result in considerable waste of resources of both capital and labour.

18. The problem is particularly serious in many developing countries in view of their limited capacity to pursue effective counter-cyclical macroeconomic policies. Extreme poverty, defined as the lack of resources to meet the daily food needs of individuals, is the most damaging expression of economic insecurity. In many cases, economic growth in recent years has failed to generate rising incomes for the poor. Even those countries that have been growing faster and have showed more stability were not necessarily able to translate growth into poverty reduction. This outcome reflects, in part, the tenuous links among growth, investment and labour market performance in the new economic environment, links which have been further strained by the direction taken by multilateral financial arrangements in that period.

19. Under present arrangements and policies, developing countries almost invariably find themselves obliged to adjust to international imbalances through domestic retrenchment. In direct contrast to those arrangements originally thought to be necessary to support the international trading system, current arrangements favour private capital flows over official flows, exchange rate flexibility over stability, deflationary adjustment over financing and the interests of creditors over debtors. At the same time, the recognition that full employment has to be an integral part of the success of increasingly free trade has been weakened. Efforts to control chronic tendencies to excess supply of certain primary commodities — for example, through the provision of external financing for structural shifts into new activities in developing countries that are excessively dependent on primary commodity exports — have been limited and sporadic. Trade liberalization has also been put in front of economic growth and full employment, thereby rekindling mercantilist agendas, particularly in developed countries.

20. While it is recognized that growth in global interdependence poses greater problems today, the mechanisms and institutions put in place over the past three decades have not enhanced the coherence, complementarity and coordination of global economic policymaking. Multilateral solutions, based on full participation and open dialogue across the international community, remain the best hope for providing a secure economic future for all.

21. This process should begin with reconsideration of the level and terms of access of developing countries to resources of the International Monetary Fund, especially compensatory financing mechanisms to cope with external shocks. It is also important to end the tendency to impose procyclical macroeconomic conditionality at higher access levels. Improved surveillance will also need to take on board all possible spillovers, with policies in the advanced countries remaining key.

B. Food crisis

22. The World Bank reports an 83 per cent rise in global food prices over the past three years, and the Food and Agriculture Organization of the United Nations cites a 45 per cent increase in their world food price index during the past nine months. The rapid and simultaneous rise in world prices for all basic food crops — corn (maize), wheat, soybeans and rice — along with other food items, such as cooking oils, is having a devastating effect on poor people all over the world. With increased hunger and malnutrition, the young, old, infirm and other vulnerable groups will die prematurely or be harmed in other ways.

23. Even before the recent spike in food prices, almost 1 billion people were suffering from chronic hunger, while over 2 billion were experiencing malnutrition, bringing the total number of food-insecure people to over 3 billion, or almost half the world's population. The recent sharp increases in food prices have driven the number of people vulnerable to food stress even higher, with over 100 million likely to be chronically hungry. Even before the price spikes, an average of 18,000 children a day were dying as a direct or indirect consequence of malnutrition (Associated Press, 18 February 2007). Concerted efforts are needed to ensure food security if developing countries are to meet their goals in the reduction of hunger.

24. Sharp increases in food prices and the global discontent provoked therefrom have led to the pinning of blame on a few factors, including increased demand from fast-growing emerging economies; lower global supplies; the flow of speculative capital into commodity markets; decline in farm production; bad weather in key food-producing countries; rising costs for fuel and fertilizer; and diversion to biofuels. With sharp increases in oil prices over the past 12 months,[1] the higher cost of transporting food commodities has been passed on to the consumer. High food prices are also tied to a host of resource scarcity issues, notably climate change and water depletion. In its fourth assessment report, the Intergovernmental Panel on Climate Change projected that the effects of climate change would increase the number of undernourished people by between 40 to 170 million. Droughts, floods and freezing weather due to climate change are expected to continue to hurt agricultural output and therefore food security. Water scarcity is also increasingly dire, as groundwater and freshwater resources are being depleted to produce water-intensive food commodities, such as biofuels, beef and grain.

25. However, the recent dramatic rise in global food prices is not the result of any specific climatic shock or other emergency, but rather of the cumulative effects of long-term trends and more recent factors, including supply and demand dynamics and responses which have caused further price increases and higher price volatility.[2] While much emphasis has been placed on the immediate and short-term causes affecting food supplies and prices, it is also important to consider structural causes and the impact of policies over the last few decades. One key long-term structural cause of the current rise in food prices is the decline in support for investment in agricultural productivity. Despite evidence that links positive growth and poverty reduction effects with investment in agriculture, spending on farming as a share of total public spending in developing countries fell by half between 1980 and 2004, and was especially severe in sub-Saharan Africa. Public spending on agriculture as a share of agricultural GDP was just 4.2 per cent in the least developed countries in 2004, less than half the level in other developing countries (10.7 per cent).[3]

26. Having neglected food security and the productive sectors of their economies for several decades, the Governments of many developing countries now also lack the fiscal capacity to increase public spending to increase food production and agricultural productivity. The problem has been exacerbated by the significant drop in official development assistance for agricultural development in developing countries. Official development assistance to the sector decreased in real terms by

[1] Gideon Rachman, "The battle for food, oil and water", *The Guardian*, 26 January 2008.

[2] Comprehensive Framework for Action, High-level Task Force on the Global Food Crisis, 2008.

[3] *The Least Developed Countries Report, 2008*, UNCTAD, United Nations publication, Sales No. E.08.II.D.20, page 90.

nearly half between 1980 and 2005. The share of official development assistance to agriculture fell from about 17 per cent in the early 1980s to a low of 3 per cent in 2005.[4] Agricultural research and development has fallen for all crops in all developing countries, while cuts in agricultural research continue. All this has adversely affected research on crops and pests, as well as agricultural extension programmes to help farmers adopt improved farming methods.

27. Another important factor has been trade liberalization. Agricultural trade liberalization was meant to help developing nations generate export earnings, increase the market share for their small farmers and make food cheaper for consumers. Removing or lowering import barriers and other limits on agricultural imports has taken away the ability of developing countries to manage the inflow of agricultural imports. Cheap and subsidized farm imports from developed countries have made subsistence farming in the developing world uncompetitive and unsustainable. Thus, developing countries have turned to importing large quantities of food which directly threatens their food security and agricultural sustainability. The agricultural trade balance has worsened since the mid-1990s, particularly for the least developed countries, as a high number of producers in those countries have found it difficult in the wake of trade liberalization to compete in their own markets for many key foodstuffs.[5]

28. Production subsidies and protection for agriculture in developed countries are undermining food production, security and exports of developing countries. Agricultural subsidies and protection not only promote overproduction, which may result in the overuse of water, fertilizer and pesticides in developed countries, but also discourage and limit the scope for profitable modernization of agriculture in developing countries. Food security should be a key development outcome of the Doha round of multilateral trade negotiations.

29. In the wake of the current food crisis, the food security paradigm needs to shift back to policies that emphasize local food production and invigorate the agricultural sector, particularly in developing countries. Apart from emergency responses, including assistance in the form of food aid and the development of national safety nets for the poor and vulnerable, all countries need to take steps including:

(a) *Increased funding for agriculture*: policies that help countries develop their own agricultural sectors actually feed more people and decrease developing countries' dependence on food imports in the long run. Also, addressing agricultural development in poor countries is an opportunity for alleviating poverty, as many of the poorest are still dependent on agriculture for income and jobs;

(b) *Increased support for small farmers*: tackling hunger requires that small farmers in developing countries are given support in order to better provide for their own populations. Subsistence farmers constitute 75 per cent of the world's poor. Development policies should promote the consumption and production of local crops raised on small, sustainable farms;

(c) *Ensure policy space for developing countries to protect their agricultural sectors*: there are significant imbalances between the agricultural sectors of

[4] Lidia Cabral, "Funding Agriculture: Not 'how much?' but 'what for?'", Overseas Development Institute, October 2007.

[5] *The Least Developed Countries Report, 2008*, UNCTAD, United Nations publication, Sales No. E.08.II.D.20, page 65.

developed and low-income countries which need to be addressed. In the light of the current crisis, there is a need for reviews of many of the free trade agreements between developed and developing countries. Developing countries that have signed or are negotiating free trade agreements need to ensure that such agreements provide enough policy space to safeguard food security, farmers' livelihoods and rural development. Some government intervention is also required through the protection of and improvement in access to land, the provision of seeds and fertilizer, the development of farm credit programmes, institutions for storage and marketing as well as national food stocks, all of which are essential to mitigate the effects of fluctuations of national food production on producers and consumers.

More recently, rising energy prices and heightened concerns about climate change have also contributed to the hike in food price. Both those factors have led to the rapidly growing demand for biofuels. Diversion of land and other resources to biofuel production seems to have had an impact on food prices. To address this situation, it is proposed that:

(i) Policies to promote biofuel production should ensure that it is done in the most efficient manner and is consistent with food security and environmental sustainability;

(ii) Countries should pursue second-generation biofuels, obtained from plant residue and animal waste, that can minimize the emissions associated with certain current biofuels.

Every country and all people have the right to live in dignity, free from hunger. These are merely a few recommendations that can help turn the tide against the growing food crisis and help ensure the food sovereignty of developing nations. Environmentally sustainable agriculture and bioenergy policies that ensure food and energy sovereignty also need to be supported.

III. Social and environmental impact of globalization

30. For the purpose of the present report, the Millennium Development Goals have been grouped together in four clusters — poverty, hunger and education (Goals 1 and 2); gender equality and the empowerment of women (Goal 3); health (Goals 4, 5 and 6); and sustainable development (Goal 7). Each cluster focuses on some implications of globalization, which are by no means exhaustive.

A. Impact of globalization on the eradication of poverty, hunger and education (Millennium Development Goals 1 and 2)

31. In the past half decade, the global economy has recorded robust growth. While this has played a critical role in lifting millions out of poverty, the impact was uneven. Moreover, rapid growth has had varied impacts. For example, rapid economic growth by the least developed countries, has not reduced poverty significantly. The benefits have been unevenly distributed, leading to increased inequality within and across countries. Significant poverty reduction requires a combination of higher growth and more pro-poor distribution of the gains from growth.

32. One way in which globalization has an impact on poverty is through its net effect on jobs, as new global supply chains are established and maintained over time. In addition to being an important end in itself, employment and decent work are key to eradicating poverty. Three aspects of the relationship between globalization and employment stand out. The inadequate availability of productive jobs is now a worldwide phenomenon. Moreover, global forces, such as trade and cross-border flows of capital and labour, now have important consequences for employment in individual countries. Finally, international commitments as well as rules and policies set outside a country's geographical borders — especially macroeconomic and fiscal policies and those pertaining to foreign investment and aid — are now almost as important as national policies for expanding opportunities for productive employment in developing countries, where most of the world's workers live and will live.

33. Of the world's 3.1 billion workers, 73 per cent live in developing countries while only 14 per cent live in developed countries. The rest live in the countries of Central and Eastern Europe and the Commonwealth of Independent States, oil-rich countries and other high-income countries. In the near future some 46 million new workers will be joining the world's labour force every year, the bulk of them in developing countries.[6] While the world's labour force is concentrated in developing countries, its capital, technologies and skills are concentrated in advanced industrial countries. The global employment situation reflects this huge asymmetry in the distribution of the world's productive resources. Millions of workers in the developing world are seriously underemployed and engaged in extremely low-productivity survival activities. Even in advanced industrial countries, and countries in Central and Eastern Europe and the Commonwealth of Independent States, there are large numbers of people who are unemployed, or whose employment is precarious as well as workers who are discouraged and have given up searching for elusive jobs.

34. In developing countries, the employment problem manifests itself not in high unemployment but in the high incidence of underemployment which is obscured in self-employment and casual wage employment outside the formal sector. Poverty is rooted in this kind of employment situation, with the poor remaining outside the formal sector. In this context, improving the employment situation often reduces poverty and generally occurs in two different ways. First, when formal sector employment grows faster than the labour force, some of the self-employed and casual workers move into full-time and more productive jobs. Second, when government policies successfully direct investment to the informal sector, the underemployment of some of the self-employed and casual workers declines as their productivity and income increase.

35. Meeting the employment challenge facing the developing world calls for a reduction of the asymmetry in the cross-country distribution of productive resources that currently exists and a supportive environment for sustained economic growth that generates jobs. Countries need to reorient their growth strategies and labour policies to pursue explicit employment objectives in order to achieve reduction in poverty. In developing countries, labour market regulations and institutions must be geared towards creating labour-intensive jobs. Employment growth in the formal

[6] Ajit K. Ghose, Nomaan Majid and Christoph Ernst, "The Global Employment Challenge", ILO, 30 April 2008.

sector and the expansion of basic social protection to workers in the informal sector should be pursued simultaneously in order to create decent jobs that will lift people out of poverty. National policies in developed countries need to focus on helping those who have lost their industrial jobs adapt to new service-related jobs and on adjusting social protection systems to meet the challenges workers face in labour markets that have become more flexible with globalization and liberalization.

36. Universal primary education and the completion of basic education are also the first steps towards a system of lifelong learning for all citizens, which is as relevant for the poorest countries as for the wealthiest. In a globally integrated and highly competitive world economy, no country can still consider primary schooling a terminal level of education for its labour force.

37. Globalization, combined with increased access to and use of information and communications technologies, has increased the importance of knowledge as a major driver of growth. Most developing and transition countries continue to wrestle with difficulties stemming from inadequate responses to long-standing problems facing their educational systems. There is a need to develop a holistic education system based on a comprehensive approach to resource allocation. The role of Governments is thus critical in establishing institutions capable of providing high-quality secondary and tertiary education, including developing a clear vision for the long-term development of a comprehensive, diversified and well-articulated tertiary education system.

B. Impact of globalization on gender equality (Goal 3)

38. The relationship between globalization and gender equality is complex. Significant gender differences and disparities prevail with respect to economic participation and returns to the labour force. Globalization has encouraged greater deregulation. In many instances, Governments have proceeded with such deregulation without measures in place to ensure social protection for those most likely to suffer negative impacts resulting in increased risks for many social groups, including women. It is necessary to monitor and balance the gender differentiated impacts of globalization so that gender equality can be achieved.

39. Perhaps one of the most significant impacts of globalization on gender equality is its impact on women's employment. Industrialization has increased employment opportunities for women, increasing the number of them with decent jobs, for example in East Asia. Empirical studies suggest a direct link between export growth and female employment in labour-intensive manufacturing, where the proportion of women workers tends to be comparatively large. For example, increased exports were associated with increased female employment in countries such as Mauritius, Tunisia, Sri Lanka, Bangladesh, Malaysia and the "East Asian Tigers".[7] In many of those export-oriented economies, women workers are segregated in low-skill, low-income jobs in the manufacturing sector. But gender disparities in wages persist. For instance, with industrialization, the employment of women as well as their wages have increased, but mostly in export-oriented industries, such as apparel and

[7] Stephanie Seguino, "Accounting for Gender in Asian Economic Growth", Feminist Economics 6(3): 27-58.

information and communications technologies.[8] In sub-Saharan Africa, the female employment-to-population ratios are the second highest in the world, behind East Asia but for other reasons. The Latin American and Caribbean region has also witnessed a decrease in the gender gap and an increase in women's participation in the labour force.

40. Similarly, the growth of the service sector and the outsourcing of ICT-related jobs from developed to developing countries have provided work opportunities for women. Women in those industries are concentrated in low-skilled jobs, such as data processing or telephone operators, rather than in managerial or skilled positions.[9] However, the scarcity of wage data disaggregated by sex makes a complete assessment of gender wage gaps difficult.

41. Education, particularly primary education, is a powerful driver for the realization of all the Millennium Development Goals. Universal access to basic education is correlated with lower poverty and inequality and economic growth. Greater access to education for girls and their retention in school have strong positive impacts on the health of infants, children and mothers, immunization rates, family nutrition and the attainment of education by subsequent generations. Investment in the education of girls and women, encouraging them in the sciences and engineering, and creating institutions that cater to women are necessary as important steps to change the attitudes of society towards women.

42. Sex disaggregated and other statistics that capture the different realities of women and men can provide the basis for a sound analysis of the impact of globalization on gender disparities and help monitor changes in the status of women and men in societies at the global, national, community, household and individual levels. Gender-sensitive statistics are vital tools for effectively incorporating gender perspectives into national development strategies and providing evidence on the different economic, sociocultural and political factors that shape the lives of women and men. Owing to a lack of such data, it is difficult to analyse the impact of globalization on women.

43. The development and expansion of the use of data disaggregated by sex and gender-sensitive indicators in national and international monitoring frameworks is needed to accurately measure, assess and track the impact of globalization on gender equality to develop national development strategies and budgets that adequately respond to gender-related needs and to track the effectiveness of investments on reducing gender inequality.

C. Impact of globalization on health (Goals 4, 5 and 6)

44. The implications of globalization on health are vast and complex. The increased movement of people and goods associated with globalization has contributed to the spread of communicable diseases and associated increases in risks to human security. Throughout history, health threats have swept across continents

[8] Ibid., and Stephanie Seguino, "Gender Inequality and Economic Growth: A Cross-Country Analysis", World Development 28(7): 1211-30.

[9] Women 2000 and beyond: gender equality and empowerment of women through information and communications technologies, Division for the Advancement of Women of the United Nations Department of Economic and Social Affairs, September 2008.

irrespective of national borders. In the twenty-first century, diseases, such as HIV and tuberculosis, can spread even more rapidly across national borders and affect communities worldwide. Also, international migration and trade and social and economic crises contribute to health insecurity and the spread of disease across borders. Globalization is also seen as a major factor contributing to changing lifestyles and epidemics of non-communicable diseases, such as cardiovascular diseases, cancers, chronic respiratory diseases and diabetes. Health problems associated with tobacco use, unhealthy diet, physical inactivity and the harmful use of alcohol have reached alarming levels in low- and middle-income countries, where the trends are changing fast against a background of urbanization and socio-economic determinants. In 2005, 60 per cent of global deaths were attributed to non-communicable diseases, 80 per cent of which occurred in low- and middle-income countries. The World Health Organization estimates that the highest increases in death rates from non-communicable diseases over the next 10 years will occur in Africa (27 per cent), followed by the eastern Mediterranean region (25 per cent). Moreover, factors related to the production and distribution of foods have recently led to a major food security crisis, which is positing a significant threat to economic and political stability in low-income countries, particularly in Asia, Africa and Latin America.

45. Another negative effect of globalization is the exodus of health workers from developing countries in all areas of primary health care, notably nurses and midwives, the front-line workers who provide mothers, infants and children with health services. Ensuring skilled attendance at all births by professional midwives, combined with effective referral to facilities in case of complication, have been fundamental in most countries that have succeeded in reducing maternal and infant mortality and morbidity. Yet, in many sub-Saharan African countries, less than 25 per cent of the human resources needed for obstetric care are available.

46. Lower trade tariffs may have reduced the price of medical equipment and products, but greater patent protection has had the converse effect. Progress continues to be made in increasing the availability to developing regions of a few essential drugs at lower prices as a result of efforts by national Governments, donors, the private sector and others. Since 2001, the World Trade Organization agreement on aspects of trade-related intellectual property rights supports countries' right to safeguard public health and promote access to medicines for all. A decision made by the World Trade Organization in 2003 has eased restrictions on the importation of generic drugs by the poorest countries for the treatment of rapidly spreading diseases, such as AIDS, malaria and drug-resistant tuberculosis.

47. Global cooperation is also bringing faster action against global health threats. There has been substantial acceleration in the past decade in expanding access to prevention and treatment interventions for some major public health threats, including HIV/AIDS, tuberculosis and malaria, and childhood immunization. However, much more remains to be done since there is far to go. However, access to antiretroviral medicines does not mean easier access to essential medicines more generally. The number of people receiving antiretroviral therapy increased from just under 1 million in 2005 to 3 million people, out of the 6.5 million people who needed such therapy at the end of 2007. Although the price of generic versions has dropped precipitously, the cost of these drugs continues to be high. Moreover, considerable obstacles to treatment for other major infectious diseases remain. For instance, making the drugs available to those most in need — in settings with weak

health systems and limited capacity for distribution — remains a daunting task. For example, global public health is at risk when only a small proportion of the nearly .5 million people falling ill with multidrug-resistant tuberculosis each year have access to effective quality treatment. Far more needs to be done to further scale up the good practices that prevent the emergence of drug-resistant tuberculosis.

48. At present, the following key challenges, which will require practical solutions, lie ahead. First, all development partners will need to help strengthen and support national health policies and plans as the basis for providing assistance and funding and to avoid introducing new plans or projects inconsistent with national health plans and priorities. Without more efficient and equitable health systems, countries will not be able to effectively implement the disease prevention, care and control programmes required to meet the specific health goals of reducing child and maternal mortality and reducing the spread of HIV/AIDS, tuberculosis and malaria. Inequitable health systems are not responsive to the needs of the poor.

49. The second challenge is to ensure that health is prioritized within overall development and economic policies. Policymakers have to look beyond the health sector and address the broad determinants of ill health — low levels of education, poverty, unequal gender relations, high-risk behaviours, such as substance dependence and intravenous drug use, prostitution and multiple partners, and an unhealthy environment — besides raising the profile of health national poverty reduction and government reform processes.

50. The third challenge is to further develop health strategies that respond to the diverse and evolving needs of countries while enhancing sustainable primary-care-based health systems. The design and implementation of cost-effective interventions are of great importance in reducing or, if possible, eliminating diseases which have become major burdens at present or will become so in the future.

51. The fourth challenge is to mobilize more resources for health in poor countries. Allocations of aid for health have increased more than for any other purpose, and there is large-scale resource mobilization through private donors. Yet, at present, low-income countries cannot afford to achieve the Millennium Development Goals, and aid is not filling the gap.

52. The fifth challenge is to improve the quality of health data. Monitoring country progress towards the Millennium Development Goals is a key responsibility of national Governments, and global level monitoring is one of the most important functions performed by the United Nations system at present. Such monitoring is instrumental in informing global and national policymakers. There are major opportunities ahead to improve the routine collection and use of health data for problem-solving and health promotion at the local level, as well as increasing global capacity to confront the spread of disease and plan for global health advancement.

53. The Millennium Development Goals have helped to focus international attention on and to mobilize much-needed resources for HIV/AIDS, tuberculosis and malaria and for childhood immunization. In addition, Goal 6 of the Millennium Development Goals recognizes that there are other major diseases which affect at least 1 billion people. These include Buruli ulcer, Chagas' disease, elephantiasis (lymphatic filariasis), schistosomiasis, intestinal parasites, guinea-worm disease (dracunculiasis), leprosy, leishmaniasis, sleeping sickness (human African trypanosomiasis), river blindness (onchocerciasis), trachoma and others. They are

currently called the neglected tropical diseases because of the lack of both international attention to and resources for them. Those diseases thrive in resource-poor settings and tend to affect the poor and marginalized groups. Most at risk are those living in remote areas, conflict zones or urban slums — with little or no access to health care, clean water or other services. Illness and disability caused by the neglected tropical diseases have tremendous social and economic impacts. Fortunately, many of the diseases can be controlled using low-cost technologies that are safe, rapidly effective and easy to administer in resource-poor settings. When applied on a large scale, control strategies can interrupt transmission, helping reduce the risk of onward infection for a limited time. Population-wide interventions (such as mass drug administration and vector control) do not discriminate between the poor and the non-poor, reducing the risk that excluded groups are further marginalized. Efforts to achieve the Millennium Development Goals should further include intensified control of neglected tropical diseases. This approach could contribute directly to the reduction of the burden of communicable diseases and indirectly to efforts to reduce poverty and hunger.

D. Impact of globalization on sustainable development (Goal 7)

54. Globalization has unleashed strong forces that work both for and against sustainable development, based on the balanced integration of economic growth, social development and environmental protection. Cleaner production technologies and eco-efficient management strategies have become more accessible through open markets, trade and investment. The Internet and other information and communications technologies are being used to share information about our complex global environment, enabling scientists to further understand the environment and giving policymakers an improved scientific basis to frame collective action.

55. Meanwhile, rapid industrialization and integration into the global economy have often been at the expense of resource depletion and environmental degradation. Unsustainable patterns of consumption and production and growing demand have put greater pressures on the natural resource base, including the climate and ecosystems. Such pressure on the environment will, in turn, have an impact on the globalization process. According to the Stern Review,[10] with global warming of 5°C-6°C, existing models that consider the risk of abrupt and large-scale climate change estimate an average 5-10 per cent loss in global GDP, with poor countries suffering costs in excess of 10 per cent of GDP.

56. The rapid expansion of global commerce in natural resources, such as timber, minerals and other raw materials, is putting ecosystems in some of the most biologically diverse places on Earth increasingly under threat. According to the Millennium Ecosystem Assessment 2005, 60 per cent of the ecosystem is currently being used in an unsustainable manner. Those populations which are dependent on the extraction of natural resources, or on natural systems and ecosystem services, could lose their livelihoods and will need assistance to make the transition to alternative activities. However, the implication extends beyond those who are

[10] Stern Review: The Economics of Climate Change: Executive Summary (available at http://www.sternreview.org.uk).

directly dependent on the natural resources as means of livelihood, since the broader population also depends on the services provided by the ecosystem.

57. Unregulated domestic and foreign direct investment in forestry and agriculture can lead to deforestation and unsustainable harvesting practices. The proportion of the land area covered by forests, the first indicator to measure progress on Millennium Development Goal 7, can serve as a good proxy for environmental health. Forests contribute significantly to agricultural landscapes and provide some food directly. Forests provide watershed protection and prevent soil erosion, ensuring the integrity of agricultural lands. In addition, forests provide innumerable ecological services. Rapid deforestation can thus hinder agricultural productivity.

58. Markets fail to recognize the full value of natural ecosystems, and there are not enough effective institutional mechanisms to reconcile the profit motive and the currently uncompensated services provided by forests, especially in developing countries. The commercialization of environmental services — such as watershed protection, biodiversity conservation and climate change mitigation — is an emerging market that harnesses growing global demand for improved environmental management. More accessible and affordable technologies are needed to support the development of agricultural production systems that build and enhance a range of ecosystem services in developing countries.

59. Policies and measures to harness the forces of globalization for promoting sustainable production and consumption patterns should be promoted, including:

(a) Strengthening technology transfer commitments under multilateral environmental agreements and providing more favourable terms for technology transfer under multilateral trade agreements to assist developing countries in their implementation of sustainable production methods;

(b) Increasing bilateral and multilateral assistance and forging new public-private partnerships aimed at building the capacities of developing countries to finance and further develop eco-business, environmental technologies and services;

(c) Restructuring environmentally friendly taxation and phasing out harmful subsidies to reflect their environmental impacts.

60. As the world becomes predominantly urban, managing urbanization will become all the more important for sustainable development. With half the world's population living in urban areas, cities already account for 75 per cent of energy consumption and generate 80 per cent of all waste including greenhouse gas emissions. Globalization also promotes urbanization, as it uses cities as centres for trade and investment. Urbanization also changes the way and intensity with which people use land, water, energy and other natural resources, making target 10 under Millennium Development Goal 7 (on access to safe drinking water) more challenging to achieve, while also presenting opportunities for taking measures to save certain types of energy use, such as with the provision of mass transit.

61. The attainment of the internationally agreed development goals will increasingly depend on policy responses to the consequences of rapid urbanization and globalization. Under prevailing policy frameworks, which fall short of acknowledging urban poverty and urban slums, living conditions in slums will diminish the effectiveness of most sectoral approaches and interventions to poverty reduction, hunger and malnutrition, health and education, and women's

empowerment. The spatial and physical characteristics of urban poverty and of slums require holistic approaches, which only a handful of countries have adopted. The urbanization of poverty and slum formation requires approaches that address the sectoral issues of poverty, health, education and employment within a holistic urban planning framework.

62. National sustainable development strategies play an important role in pursuing integrated development combining economic, social and environmental objectives. Over 70 countries have elaborated and are implementing national sustainable development strategies. As an interactive and iterative process of planning, participation and action, national sustainable development strategies are intended to institutionalize processes for consultation, negotiation, mediation and consensus-building on priority issues where interests may differ in managing progress towards sustainability goals.

63. More serious consideration should be given to the use of voluntary, multi-stakeholder partnership initiatives in improving the quality of implementation of sustainable development goals and commitments, including the Millennium Development Goals. Advancing and mainstreaming the partnership-based approach to development has become more pressing in view of the challenges resulting from an increasingly interdependent world, thus making partnerships useful to catalyse actions and mobilize additional resources and expertise that Governments, civil society and private sector alone may not be able to assemble as efficiently and effectively. The effective use of partnerships could offer developed and developing countries a more participatory approach, increased ownership and leadership, solidarity and mutual accountability in the design, implementation and evaluation of appropriate development initiatives and international cooperation frameworks.

IV. Conclusions

64. **Global forces, such as trade and cross-border flows of capital and labour, have important consequences for the achievement of the internationally agreed development goals, including the Millennium Development Goals. Development must therefore be placed at the centre in considering how globalization is managed, rather than viewing it as a by-product of globalization.**

65. **Given the nature of linkages and interdependence in driving globalization and its cumulative impact on growth and development, greater consistency must be achieved among the macroeconomic, trade, aid, financial, environmental and gender equality policies of all countries, so that all support the common aim of making globalization work for all. More efforts at the international level are needed to establish fair and equitable trade, investment, technology and knowledge regimes. Multilateral institutions and global governance need to be reformed. Ensuring the greater participation of developing countries is essential in the decision-making processes of international institutions so that their needs in managing globalization are fairly represented and addressed at the international level.**

66. **The impact of globalization at the country level is determined by a variety of factors, including the degree of openness of the economy, the institutional strengths of various countries, their level of human development, their ability to manage volatility with appropriate counter-cyclical macroeconomic policies**

and their capacity to make inroads into dynamic manufacturing and services sectors. Domestic resources and institutions must be strengthened and mobilized to ensure that a development strategy serves to advance the objectives and priorities of national development agendas and to enable country-specific responses to global trends and impacts. Safety nets and social protection schemes that shelter the assets of the poor during crises should be given high priority. Statistics, including data disaggregated by sex and gender-sensitive indicators, need to be improved to provide the basis for sound analysis of the impact of globalization on development. Monitoring and evaluation capacity must be strengthened to ensure that policies are well targeted.

67. **On balance, globalization has unleashed a wide array of opportunities as well as new problems for realizing the internationally agreed development goals. A number of developing countries have made major inroads in reducing poverty and hunger by taking advantage of those opportunities and safeguarding against potential threats. The principal challenge is to ensure that all countries and all people benefit from the positive potential of globalization.**